

TITLE	Revenue Monitoring 2022-23 Q1
FOR CONSIDERATION BY	The Executive on Thursday, 28 July 2022
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Executive Member for Finance - Imogen Shepherd-DuBey

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

To deliver the Council Priorities for the Community, ensuring the efficient effective and safe use of resources.

The Council agrees and sets its budget in the February preceding the current financial year and this report seeks to update Executive on the budget position throughout the year and provide an estimate of the outturn position and impact on balances at year-end (31 March 2023).

RECOMMENDATION

That the Executive note:

- 1) the overall forecast of the current position of the General Fund revenue budget, Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) illustrated in the Executive Summary and appendices attached to the report.

EXECUTIVE SUMMARY

This report is to allow the Executive to note the current of the forecast outturn positions for 2022/23 for the Council's net revenue expenditure, its General Fund Balance (GFB), the Housing Revenue Account (HRA), and the Dedicated Schools Grant (DSG).

Recommendation 1 – Current Position

The Executive has agreed to consider Revenue Monitoring Reports on a quarterly basis. In February 2022, the Council agreed and set its net General Fund (Revenue) budget at £161.3 million; following year end, this is to be further adjusted to include supplementary estimates and agreed budget movements. This gives a working budget for each of the Councils Directorates. The working budgets and forecast outturn are shown in the table below.

	End of Year Position		
	Current Approved Budget	Current Forecast	Net over / (under) spend
Department	£,000	£,000	£,000
Adult Social Care	61,242	61,242	0

Chief Executive	10,217	10,217	0
Children's Services	37,743	38,311	568
Place & Growth	47,701	49,031	1,330
Resources & Assets	5,313	5,666	353
Net Expenditure	162,216	164,468	2,252

Further details of the outturn forecast position and variances are also shown at Appendix A. The main items of variance identified to date are:

Adult Social Care

No material variances identified at present however the continued impact of growing demand coupled with the hospital discharge service stopping at the end of March 2022 is causing some pressures to market costs and volumes and is being closely monitored.

Chief Executive

No material variances, some small pressures being managed within the service.

Children's Services

The £568k reported overspend relates to ongoing pressures from Home to School Transport, with increasing pupil numbers within both mainstream and SEND.

In-year applications for mainstream school places are currently at unprecedented levels, with over 460 applications received in June, compared to around 180 for the same month in previous years. For SEND, current assessment requests for Education Health & Care Plans are currently over 30 pupils per month. While not all mainstream and SEND pupils will be eligible for funded transport, given the current place sufficiency challenges faced locally, it is likely that the number of pupils statutorily entitled to transport will continue to rise over the remainder of the financial year. Taking this alongside fuel inflation and other rising costs further budget pressure is likely.

In addition to the reported overspend above, the service is facing significant challenges around recruitment of key staff and increasing demand across all areas. For example, the number of Children in Care has increased by 33% since 2020. This provides for significant further risk and challenge to the budget as the service meets the costs of statutory services for vulnerable children and young people.

Place and Growth

Overspend of £1.33m. A £780k underachievement of income from car parking is forecast having been severely impacted by Covid. There are signs that car parking income is recovering to some extent but remains a long way short of pre-Covid levels. Inflationary increases of £300k in relation to the waste contract and £250k in purchase and distribution costs relating to blue waste bags account for the remaining forecast

variance. These figures are over and above the inflation levels that were built into the budgets.

The above variances will continue to be monitored with waste income levels showing signs of reducing which could mitigate some of the overspend if this trend continues. There are also risk around Temporary Accommodation demand which has seen significantly increased numbers requiring emergency accommodation in the first quarter of the year due to family, friends and private landlord evictions as well as domestic abuse all contributing to this. Further risks exist in relation to planning application income which has been low year to date and flying tipping if last year's trend continues.

Resources and Assets

The £353k reported variance includes income shortfall in leisure £187k, this is an on-going risk as the service rebuilds following the pandemic; property pressures from voids and income shortfalls totalling £304k; the legal service has an income shortfall due to the cessation of the shared service £80k. These are partly offset by surplus forecast income on interest on balances because of the recent changes in interest rates (£150k) and other minor positive variances totalling (£68k).

General Fund

The General Fund Forecast is just under £7m however this needs to be taken in the context that it is early in the year and that work will continue throughout the year to contain costs and maximise efficiencies where possible to improve and firm up the year end position.

See Appendix B for further details.

Housing Revenue Account (HRA)

The Housing Revenue Account is currently expecting to be on budget with no material variances, although risks exist around the level of voids and maintenance costs due to increases in costs of materials and labour. HRA reserves are estimated to be £1.3m on 31 March 2023. This remains a prudent level of reserves and above the minimum recommended reserve balance of £0.9m set out in the Medium-Term Financial Plan. See Appendix C for further details.

Dedicated Schools Grant (DSG)

Schools are funded through a direct grant from Central Government known as the Dedicated Schools Grant (DSG). This is used to fund individual schools through an agreed formula, costs associated with Early Years Services, education and support for children with Special Educational Needs & Disabilities (SEND), and to fund relevant support services.

The DSG is forecasting an in-year adverse variance of £4.5m against a total budget of £168m (2.7% of total income), with further risk of £1.7m identified on the High Needs Block.

As is the case with the vast majority of authorities across the country, the overspend on the DSG relates to ongoing pressure on the High Needs Block (HNB), driven largely by continuing increases in the number of children and young people with Education Health

and Care Plans (EHCPs) and their related needs resulting in demand for specialist placements.

The number of children and young people with an EHCP in Wokingham has risen by 75% since 2018, with a 30% increase over the 2021/22 financial year of those in receipt of 'top-up' funding from the High Needs Block.

Key risks to the HNB forecast

Current indications from assessment activity are for potentially an additional 30 Education Health & Care Plans per month. Profiling those across the year at a range of average costs indicates a potential in-year risk not currently included in the High Needs Block forecast of circa £1.7m.

SEND Innovation & Improvement Programme / HNB Deficit Management Plan

The SEND IIP is a large, ambitious programme of improvement and innovation, which currently runs until December 2022. Its purpose is to deliver the SEND Strategy (0-25), with five priority aims:

1. To strengthen local provision and quality of local practice
2. To improve the efficiency of processes (including timeliness and quality of EHCPs and the Annual Review process)
3. To ensure effective Transitions at all ages and stages
4. To strengthen sufficiency of local provision, more effective strategic commissioning and Value for Money, and greater impact on outcomes
5. All of the above enabled through effective and meaningful coproduction

In addition to improving outcomes for children and young people with SEND, the IIP is also designed to ensure that Wokingham gets the best value for money from its allocation of resources to support delivery of services, for children and young people with SEND and their families.

WBC is due to participate in the Department for Education's Safety Valve Intervention Programme from September 2022, with preparatory work ongoing over the summer. See Appendix D for further details.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	MTFP net budget of £164.5 million	Yes	Revenue
Next Financial Year (Year 2)	N/A	Yes	Revenue
Following Financial Year (Year 3)	N/A	Yes	Revenue

Other Financial Information

Effective monitoring of budgets is an essential element of providing cost effective services and enables any corrective action to be undertaken, if required. Many of the budgets are activity driven and can be volatile in nature.

Stakeholder Considerations and Consultation

None

Public Sector Equality Duty

Public Sector Equality Duty assessment are undertaken during individual business cases.

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030

None – this is only a report on the financial position for quarter one.

List of Background Papers

Appendix A – Revenue Monitoring Summary
 Appendix B – General Fund Balance
 Appendix C – Housing Revenue Account Monitoring Summary
 Appendix D – DSG Monitoring Summary

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